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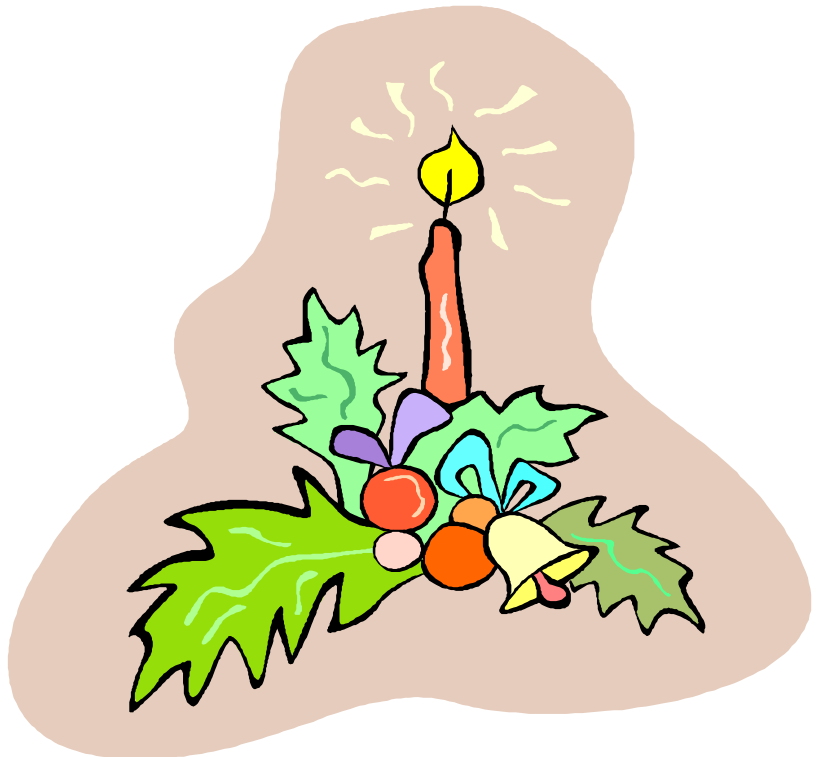
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Winter is the time for comfort, for good food and warmth, for the touch of a friendly hand and for a talk beside the fire: it is the time for home.

~Edith Sitwell

The South Dakota Real Estate Commission members and staff wish you peace this holiday season and success in the New Year.



From the Director's Desk

The holidays are fast approaching and so is the renewal deadline for those with licenses expiring on December 31st. Remember, if you don't have a current license displayed or you do not have errors and omissions insurance by January 1st, you cannot engage in any real estate activity requiring licensure. Brokers who permit associates to continue working without a current license or insurance, jeopardize their licenses as well. In order to ensure that you are in compliance, get your license and insurance renewals in timely. Failure to do so could result in your taking a vacation from your real estate practice in order to avoid disciplinary action.

Always at renewal time, staff brings to my attention concerns that need to be addressed. One concern is that of nonresident salespersons who have upgraded to a broker or broker associate in their jurisdiction. Staff makes this discovery when the nonresident salesperson tries to renew his or her South Dakota license and discloses the upgrade. The Commission cannot renew this license. Instead, the nonresident salesperson must make application to become a nonresident broker or broker associate. If you are a nonresident salesperson and upgrade to a broker or broker associate in your jurisdiction, you must make application for the same type of license in South Dakota. This must be done immediately after your jurisdiction upgrades your license.

Another concern is that of licensees who move to another office after renewals have been sent. Renewals are sent to the current mailing address on file with the Commission. So if the renewal is received by the firm that the license left, it would be professional courtesy for that broker to forward the renewal to the licensee's new office. The broker could also return the renewal to the Commission

office so that staff can forward it to the licensee.

It seems like this time of year the Commission office also gets calls from brokers who have decided to retire and have a broker associate take over the firm or broker associates who wish to open their own office by the first of the year. Unfortunately, in some of these instances, the broker associate has not passed the broker licensing exam or completed the Responsible Broker Course. The Commission and I have the authority to grant an extension for completing the course, but the exam must be completed. For those of you who find yourself in this situation and upgraded from a salesperson to a broker associate without passing the broker licensing exam, you will be required to take that exam. It's always a good idea to plan ahead, so if you think you may be in this type of situation in the near future, I suggest you get all the requirements met as soon as possible.

I wish you a wonderful holiday season filled with the building of fond memories to enjoy for years to come.

DjN

HUD Stands By New HUD-1/GFE Rules, Promises Enforcement Restraint

Used with permission from ARELLO

The U.S. Department of Housing and Urban Development (HUD) has resisted extensive efforts to derail or delay the January 1, 2010 implementation date for the new Good Faith Estimate form (GFE) and HUD-1/1-A real estate settlement statements that will be mandated for use in federally-related transactions. However, the agency recently announced that it would "exercise restraint" in enforcement of the new rules through April 2010. In addition, HUD is asking other federal and relevant state enforcement agencies to exercise the same 120-day enforcement restraint for non-FHA originators and other

settlement service providers who demonstrate a good faith effort to implement the new RESPA reform rules.

In HUD's announcement, aimed primarily at mortgage professionals, Secretary Shaun Donovan said, "We will work with those who are making an honest effort to work with us as we implement these important new consumer protections. While we will not delay implementation of RESPA's new requirements, we are sensitive to the concerns of the industry as it integrates these new rules into their day-to-day business practices." HUD says that, in determining whether a mortgagee has made a good faith effort, its Mortgagee Review Board will consider whether the mortgagee has relied on the new RESPA rule and other written guidance issued by the Department and the extent to which the mortgagee has made sufficient investment and commitment in technology, training and quality control to comply with the new rule.

The new HUD-1 form is designed to allow borrowers to easily compare specific charges at closing with the corresponding estimated charges listed on the new GFE form. For the first time, the GFE will identify settlement-related fees that cannot change before closing, those that are allowed to increase as much as 10 percent before closing and those that cannot be predicted in advance, such as homeowners' insurance rates. HUD says that as a result, consumers will be able to use the new GFE to easily compare their estimated loan offer with the one to which they actually agreed. HUD also says that, together, the forms will provide clear disclosure of loan information that consumers can use to shop for the best loan, resulting in lower interest rates and transaction costs.

On the way to final promulgation of the rules last November, sharp criticism from industry groups, members of Congress and even other federal agencies led to several changes to the rules. These changes included the withdrawal of a "closing script" that would have been read to buyers at the closing table and a new "required use" definition relating to affiliated business arrangements. Other criticisms led to various modifications of the new GFE and HUD-1 forms.



In Memoriam

The SD Real Estate Commission extends its sincerest sympathy to the families and friends of the following licensee who recently passed away:

Charles R. Cole, Battletown, KY
Mary Ann Miller, Watertown, SD

Citation Program Adopted By Commission

Effective December 9, 2009, the South Dakota Real Estate Commission has revised its citation program. The goal of this program is to diminish the number of violations, to decrease the time currently required to bring licensees into compliance when necessary, and to recover some of the costs involved when action is required.

The commission has identified a number of license law violations that will be included in the program of citations. Violations included in the citation program are as follows:

Failure to register a trust account with the commission / placing funds required to be held in trust in an unregistered account (SDCL 36-21A-80, 36-21A-82);

Failure to register a place of business or failure to report a change of location of a business (SDCL 36-21A-52);

Failure to report a change of association to the commission (SDCL 36-21A-56, 36-21A-57);

Failure to renew errors and omissions insurance in a timely manner, maintain errors and omissions insurance or provide proper notification to the commission of errors and omissions insurance (SDCL 36-21A-119, 36-21A-122, ARSD 20:69:15:02, 20:69:15:06, 20:69:15:08.01);

Performing real estate brokerage activity beyond the month in which a license lapses for non-payment of renewal fees, not filing/completing the required continuing education or being having

errors and omissions insurance in place (SDCL 36-21A-61, 36-21A-62, 36-21A-64);

Failure to reconcile a trust account at least monthly (SDCL 36-21A-80);

Failure to include the name of the firm in an advertisement (SDCL 36-21A-72);

Performing the services of a real estate broker or broker as a corporation, association, partnership, L.L.C. or L.L.P. without a firm license for that entity (SDCL 36-21A-37);

Unauthorized removal of a license from an office by an associate (SDCL 36-21A-45, 36-21A-9);

Advertising a "commission only" corporation or limited liability company (SDCL 36-21A-46.1(2));

Failure to maintain individual ledger sheets, deposit slips, check registers or bank statements of any trust account. (SDCL 36-21A-82);

Failure to register a branch office with the Commission (SDCL 36-21A-53);

Failure to surrender license when licensee receives notice of being placed on inactive status for not providing proof of errors and omissions insurance (ARSD 20:69:08.01);

Failure to immediately report a lost, misplaced, stolen or destroyed license to the Commission (ARSD 20:69:02:20); and

Failure to bring into compliance audit exceptions that include but not limited to SDCL 36-21A-51 (license certificates not prominently displayed), 36-21A-71(14) (failure to by a broker to date and sign a closing statement) 36-21A-74 (trust account bank statements, agency agreements, offers to purchase, closing statements and other transaction records not on file), 36-21A-80 (trust account not in balance / monies not deposited within next legal banking day after acceptance of contract), 36-21A-82 (all deposit slips for trust accounts not on file / ledger sheets not used on each owner), 36-21A-130 (agency agreements not completed correctly / real estate relationships disclosure not on file), 36-21A-147 (written office policy not on file), 44-4-44 (seller's property condition disclosure statement not on file), ARSD 20:69:06:05 (not complying with auction listing requirements), 20:69:06:06 (auction

advertising that does not disclose the names and types of licenses held by all licensees involved in the auction), 20:69:06:08 (failing to maintain auction records pertinent to any transactions), 20:69:14:12 (ledger sheets not used for tenant deposits or not keeping a separate balance in owner ledger for tenant deposits / pre-numbered receipts not used for currency received, 20:69:15:02 (licensees not covered by errors and omissions insurance) and failure to comply with lead-base paint disclosure requirements.

A violation of one of these requirements, excluding the failure to bring audit exceptions into compliance, will result in the filing of a complaint and an offer to enter into a Stipulation and Assurance of Voluntary Compliance. Each Stipulation and Assurance of Voluntary Compliance will include a \$50.00 penalty and a specified time to comply with the requirement. A broker who fails to bring audit exceptions into compliance may result in the filing of a complaint and an offer to enter into a Stipulation and Assurance of Voluntary Compliance to include a \$100.00 penalty and a specified time to comply with the requirement. If the Commission feels the violation has grounds for formal action, it will forego the offering of a Stipulation.



The SD Real Estate Commission Office will be closed on the following days:

Christmas Eve & Christmas Day –
Thursday-Friday, Dec. 24 & 25

New Year's Day
Friday, January 1

Martin Luther King, Jr. Day –
Monday, January 18

Editor's Note: The Federal Trade Commission's revised guidelines on advertising (below) may have an impact on advertising practices of real estate licensees. When using testimonials from clients, such as "XYZ Real Estate Company sold my house in 3 days!", licensees may need to disclose in the advertisement what the actual typical results are! More information is available from the FTC website at www.ftc.gov.

FTC Publishes Final Guides Governing Endorsements, Testimonials

Changes Affect Testimonial Advertisements, Bloggers

The Federal Trade Commission announced that it has approved final revisions to the guidance it gives to advertisers on how to keep their endorsement and testimonial ads in line with the FTC Act.

The notice incorporates several changes to the FTC's Guides Concerning the Use of Endorsements and Testimonials in Advertising, which address endorsements by consumers, experts, organizations, and celebrities, as well as the disclosure of important connections between advertisers and endorsers. The Guides were last updated in 1980.

Under the revised Guides, advertisements that feature a consumer and convey his or her experience with a product or service as typical when that is not the case will be required to clearly disclose the results that consumers can generally expect. In contrast to the 1980 version of the Guides – which allowed advertisers to describe unusual results in a testimonial as long as they included a disclaimer such as “results not typical” – the revised Guides no longer contain this safe harbor.

The revised Guides also add new examples to illustrate the long standing principle that “material connections” (sometimes payments or free products) between advertisers and endorsers – connections that consumers would not

expect – must be disclosed. These examples address what constitutes an endorsement when the message is conveyed by bloggers or other “word-of-mouth” marketers. The revised Guides specify that while decisions will be reached on a case-by-case basis, the post of a blogger who receives cash or in-kind payment to review a product is considered an endorsement. Thus, bloggers who make an endorsement must disclose the material connections they share with the seller of the product or service. Likewise, if a company refers in an advertisement to the findings of a research organization that conducted research sponsored by the company, the advertisement must disclose the connection between the advertiser and the research organization. And a paid endorsement – like any other advertisement – is deceptive if it makes false or misleading claims.

The Guides are administrative interpretations of the law intended to help advertisers comply with the Federal Trade Commission Act; they are not binding law themselves. In any law enforcement action challenging the allegedly deceptive use of testimonials or endorsements, the Commission would have the burden of proving that the challenged conduct violates the FTC Act.

New Licensees

The SDREC would like to welcome the following new licensees.

Broker

Benson, Steve T – Jenks, OK

Broker Associate

Galles, Stephen B – Rapid City

Johns, Vicki L – Madison

Johnson, Allen P – Sturgis

McCance, Blaine M – Gregory

Pap, Michael A – Sioux Falls

Paye, Brenda L – Huron

Reuter, Brock – Sioux Falls

Roscamp, Tara L – Whitewood

Property Manager

Fujan, Mike L – Omaha, NE

Voegeli, Charles P – Beresford

Weyer, Lisa L – Sturgis

Licensed Home Inspector

Corsini, Robert A – Sioux Falls

Graham, Robb V – Wentworth

Registered Home Inspector

Moore, Kelly L – Rapid City

Stokes, Jason L – Estelline

Residential Rental Agent

Boyd, Tracy R – Rapid City

O Laughlin, Timothy M – Rapid City

Scoular, Leah C – Rapid City

Skjefte, Erica R – Sioux Falls

Timeshare Agent

Carlson, Jennifer L – Spearfish

Horst, Melissa I – Lead

Houlthouser, Terry – Lead

Miller, Lena A – Spearfish

Zwicky, Gloria J – Lead

South Dakota Real Estate VIEW

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Articles by outside experts express the author's particular viewpoints. These opinions are not necessarily shared by the Commission, nor should they be mistaken for official policy. The articles are included because they may be of interest to the readers.

U.S. EPA Issues Meth Lab Cleanup Guidelines

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The U.S. Environmental Protection Agency (EPA) has issued guidelines that provide state and local governments with technical guidance for the cleanup and remediation of sites that have been used for the production of methamphetamine. EPA says that the report entitled "Voluntary Guidelines for Methamphetamine Production" is based on an extensive review of the best available science and practices for addressing methamphetamine contamination.

Development of the report was prompted by the passage of the "Methamphetamine Remediation Research Act of 2007" (the "Act") by the U.S. Congress. The Act is intended to establish voluntary nationwide standards for methamphetamine lab remediation based on state-of-the-art knowledge and research results, in order to assist state and local governments in the development and implementation of their own legislation and policies. Findings in the bill acknowledged that, at the time, data on meth lab-related contaminants was very limited and that initial cleanup actions were generally limited to removal of hazardous substances and contaminated materials that pose an immediate threat to public health or the environment. However, Congress noted that it is not uncommon for significant levels of contamination to be found throughout residential structures after a methamphetamine laboratory has closed, partially because of a lack of knowledge of how to achieve an effective cleanup. Congress also found that methamphetamine use and production was growing rapidly throughout the U.S. and that the resulting materials and residues pose novel environmental problems in locations where meth labs have been closed.

In connection with the issuance of the report, the EPA noted that, "Although there [has been] a decline in the domestic production of meth in recent years,

vigilance is warranted because of the destructive nature of meth and the environmental hazards caused by meth labs."

The guidelines contained in the report are intended to provide voluntary cleanup standards for state and local governments, cleanup contractors, industrial hygienists, policy makers and others involved in meth lab remediation. It does not set legal requirements or supersede existing municipal, county or state guidance, regulations or statutes.

A copy of the report is available at www.epa.gov/oem/meth_lab_guidelines.pdf. [Although the report is dated August 2009, the agency did not announce its release until October.-Ed.]

Fannie Mae Announces Deed for Lease™ Program

WASHINGTON, DC -- Fannie Mae (FNM/NYSE) is implementing the Deed for Lease™ Program under which qualifying homeowners facing foreclosure will be able to remain in their homes by signing a lease in connection with the voluntary transfer of the property deed back to the lender.

"The Deed for Lease Program provides an additional option for qualifying homeowners who are facing foreclosure and are not eligible for modifications," said Jay Ryan, Vice President of Fannie Mae. "This new program helps eliminate some of the uncertainty of foreclosure, keeps families and tenants in their homes during a transitional period, and helps to stabilize neighborhoods and communities."

The new program is designed for borrowers who do not qualify for or have not been able to sustain other loan-workout solutions, such as a modification. Under Deed for Lease, borrowers transfer their property to the lender by completing a deed in lieu of foreclosure, and then lease back the house at a market rate.

To participate in the program, borrowers must live in the home as their primary residence and must be released from any subordinate liens on the property. Tenants of borrowers in this circumstance may also be eligible for leases under the

program. Borrowers or tenants interested in a lease must be able to document that the new market rental rate is no more than 31% of their gross income.

Leases under the new program may be up to 12 months, with the possibility of term renewal or month-to-month extensions after that period. A Deed for Lease property that is subsequently sold includes an assignment of the lease to the buyer.

For additional information about the Deed for Lease Program, including full details on program eligibility, please review the Guide Announcement on www.efanniemae.com.

Federal Housing Tax Credit Info Available Online

The National Association of Home Builders has developed a website offering a wealth of information regarding the recently extended homebuyer tax credit.

The user-friendly site features FAQ's for both the \$8,000 first-time homebuyer's tax credit as well as the \$6,500 tax credit for repeat homebuyers.

Consumers and real estate licensees alike can log on to www.federalhousingtaxcredit.com for detailed information on the tax credit.

The site also includes links to other important resources such as the IRS, HUD, Fannie Mae/Freddie Mac, and the Dept. of Veterans Affairs.

The clock is ticking!

Just a reminder for licensees who renew in 2009 – if you have not submitted your renewal form, do so TODAY! The late fee for December is \$20 and will increase to \$40 in January. Also, if you are still completing your continuing education requirements, your license may be placed on inactive status on Jan. 1 until the SDREC office can process your renewal!

APPRAISER UPDATE

This section of the South Dakota Real Estate Review is the responsibility of the South Dakota Dept. of Revenue & Regulation Appraiser Certification Program. Articles are printed here to communicate pertinent information to those appraisers who receive this newsletter and are licensed under the Certification Program. Appraiser certification inquiries can be directed to Sherry Bren, Program Administrator, 445 E. Capitol, Pierre, SD 57501, 605-773-4608

Appraiser Certification Program Mission—Purpose—Intent

The Appraiser Certification Program was implemented July 1, 1990, pursuant to enactment of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) by Congress. The mission of the Program is to certify, license and register appraisers to perform real estate appraisals in the state of South Dakota pursuant to Title XI (FIRREA). The purpose of the Program is to examine candidates, issue certificates, investigate and administer disciplinary actions to persons in violation of the rules, statutes and uniform standards, and approve qualifying and continuing education courses. Title XI intends that States supervise all of the activities and practices of persons who are certified or licensed to perform real estate appraisals through effective regulation, supervision and discipline to assure their professional competence.

Appraiser Certification Program Advisory Council

Council members provide recommendations to the Secretary of the Department of Revenue and Regulation in the areas of program administration in order to sustain a program that is consistent with Title XI. The Council meets quarterly in public forum. See the Website for meeting information. www.state.sd.us/appraisers

Advisory Council Appointment

Scott Kopplin, State-Certified General Appraiser from Piedmont has accepted a first term appointment by Secretary Kinsman effective January 1, 2010. The Department appreciates his willingness to serve on the Council.

Scott will fill the position held by Daryl Washechek of Rapid City from January 1, 2002 until December 31, 2009. The Department of Revenue and Regulation wishes to extend thanks and gratitude for Daryl's service on the Council. Along with many other professional contributions to the Council, Daryl was influential in establishing the supervising appraiser endorsement program.

USPAP Q & A

Vol. 11, No. 10, October 2009 (Revised)

Client Request to Limit Scope of Work to New Client Name

Question: An appraiser completed an appraisal for Client A. Client B received a copy of the appraisal from Client A and finds it acceptable for their

purposes, but wants to be identified as the client in the appraisal report. Client B is aware that appraisers are prohibited from readdressing (or transferring) a completed report to a different client's name. As a result, Client B would like to engage the appraiser in a new assignment, limiting the appraiser's scope of work to only identifying them as the new client. Can the appraiser complete the assignment from Client B under these terms?

Client Requirement to Disregard Market Value Changes Prior to Effective Date

Question: I am aware of the ASB's June 2008 Q&A which addressed the implementing regulation, 49 CFR Part 24, for The Uniform Relocation Assistance and Real Property Acquisitions Act of 1970, as Amended (the Uniform Act). The topic of this Q&A is the relationship of Standard Rule 1-4(f) and "Before Acquisition Value." The ASB pointed out that such a situation does not create a jurisdiction exception under USPAP, but is rather an assignment condition.

My state has a similar law that requires the appraiser to disregard any decrease or increase in market value of the property prior to the effective date of value caused by the public

improvement for which the property is being acquired. Is this state law a jurisdictional exception under USPAP?

Client Requirement to Disregard the Influence on Market Value of Public Improvements

Question: I am aware that development of an opinion of market value also requires development of an opinion of reasonable exposure time linked to the value opinion. The assignment I am working on has an assignment condition under the Uniform Appraisal Standards for Land Acquisitions (the Yellow Book) that requires me to disregard any decrease or increase in market value of the property prior to the effective date of value that is caused by the public improvement for which the property is being acquired. My research indicates the time frames of buyers and sellers are often influenced by pending public improvement projects. Does this requirement represent a jurisdictional exception?

Is a "Waiver Valuation" a Jurisdictional Exception?

Question: The Federal Highway Administration (FHWA) permits a "waiver valuation." To quote 49 CFR 24.102(c)(2), "The term waiver valuation means the valuation process

used and the product produced when the agency determines that an appraisal is not required, pursuant to 24.102(c)(2) appraisal waiver.” Is this an application of the JURISDICTIONAL EXCEPTION RULE?

Client Requirement to Assume No Contamination Exists

Question: The Federal Highway Administration (FHWA) publishes a “Guide for Preparing an Appraisal Scope of Work.” One of the items listed is that the property being acquired should be “appraised as if free and clear of contamination,” unless otherwise specified. Is this a jurisdictional exception, extraordinary assumption, or hypothetical condition?

Vol. 11, No. 11, November 2009

Can an appraisal management company be the client?

Question: I received an appraisal order from an appraisal management company (AMC) which has requested to be identified as the client in the appraisal report. The AMC will not provide its client’s name. Does USPAP allow me to identify the AMC as the client if the AMC will not disclose the name of its client?

January 1, 2010 Change Regarding Restricted Use Appraisal Report

Question: What is the change effective January 1, 2010 regarding the Restricted Use Appraisal Report?

Disposal of Workfiles

Question: I am aware of and comply with the workfile retention requirements in the Record Keeping section of the ETHICS RULE in USPAP. However, once the required retention period has passed, does USPAP dictate a method I must employ to dispose of the workfiles?

Due Process of Law

Question: I am a personal property appraiser that specializes in the appraisal of coins and currency. I am required, by federal law, to report United States counterfeit coins and currency to the U.S. Secret Service. In reporting these counterfeit coins and currency, I am also required under federal law to provide them with the name and contact information of my client. Would disclosing my client’s name under these circumstances be a jurisdictional exception under USPAP?

Answers to the above questions can be found at:
www.appraisalfoundation.org.

[For further information regarding USPAP Q&As contact The Appraisal Foundation at:
www.appraisalfoundation.org]

New Licensees – October/November 2009

Michael Toates, State-Registered –
Colman, SD

Alissa Cavanaugh, State-Registered –
Aberdeen, SD

David Parker, State-Licensed –
Pierre, SD

Jeff C. Meeker, State-Certified
Residential – Plano, TX

Kalen M. Moodie, State-Registered –
Brookings, SD

Courtney S. Hanson, State-Certified
Residential – Pierre, SD

Steven D. Henry, State-Certified
General – Irvine, CA

Richard O. Hauge, State-Certified
General – Redwood Falls, MN

Jonathon D. Pesch, State-Certified
Residential – Henderson, MN

Jay W. Knappe, State-Registered –
Sioux Falls, SD

Information Regarding Disciplinary Actions

Public information regarding disciplinary action taken against an appraiser is available upon written request to the Department of Revenue and Regulation, Appraiser Certification Program, 445 East Capitol Avenue, Pierre, SD 57501 or e-mail – Sherry.Bren@state.sd.us. Include in the request for information the name of the appraiser and the appraiser’s city and state of residence. (Disciplinary action may include denial, suspension, censure, reprimand, or revocation of a certificate by the department. (ARSD 20:14:11:03))

Anonymous Complaints

ARSD 20:14:11:01.01. Anonymous complaints. Initiation of an investigation may be commenced upon receipt of an anonymous complaint if it meets the following criteria:

(1) The allegations of violations of any provision of this article are considered credible and based upon factual information which is independently verifiable; and

(2) The complaint is accompanied by a copy of the appraisal report or other documents which contain clearly identifiable errors or violations of the provisions of this article.

Review of Cases – 1/1/09 - 11/16/09

For the period 01/01/2009 through 11/16/2009, the Department has received 12 upgrade applications and initiated 11 complaint investigations.

Upgrades – 7 issued; 4 pending; and 1 agreed disposition.

Complaints – 2 pending; 8 final dispositions; and 1 dismissed (no action warranted)

Upgrades – November 2009

Tim Longstaff, State-Certified
Residential

Jodi Hubner, State-Certified
Residential

Chad McGuire, State-Certified
Residential

Amy Frink, State-Certified
Residential

Bradley Wellendorf, State-Certified
Residential



What Is the Appropriate Action Of An Appraiser When An Error Is Discovered In His Or Her Appraisal Report?

*(Courtesy of the North Carolina
APPRAISERREPORT,
Volume 19, August 2009, Number 2)*

Many of the complaints received by the Appraisal Board are the result of typographical and clerical errors in appraisal reports. A majority of errors occur simply because reports are not being proofread before they are signed.

Often an appraiser will write over an old report, forgetting to make changes as necessary. The result may be a misleading report that confuses the intended users and other readers of the report.

USPAP addresses this issue in Standards Rule 1-1(c). That rule states that “An appraiser must not render appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affects the credibility of those results.”

Appraisers should carefully proofread their reports before sending them to clients. If a mistake is discovered in a report after it has been

transmitted, the appraiser should let the client know about the error and ask the client to send the original report back to the appraiser for corrections. It obviously is more difficult to obtain the original if the report was transmitted electronically. The appraiser should then make the appropriate corrections and issue a new report with new signature date. The second report should clearly state that it is a revision of a report signed on an earlier date, and that the prior report should be discarded. Copies of both the original report and the revised report should be kept in the workfile.

